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Operate as Front Man
In Marcos Investments?****Dewey Dee Is Said to Link
President to Two Banks;
Saga of a Sugar Company****Golf at the Wack Wack Club**By EDWARD T. POUND
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Staff Reporters of THE WALL STREET JOURNAL

MANILA—In 1981, textile tycoon and banker Dewey Dee fled the Philippines, leaving behind \$85 million in debts and multiple fraud charges and triggering the near-collapse of the Philippine financial system.

Now seeking refuge in Canada, Mr. Dee has secretly testified to a startling relationship—that he was a front man for Philippine President Ferdinand E. Marcos in personal investments here and around the world. Mr. Dee has spun his tale in testimony before Canadian immigration authorities, according to persons familiar with the proceedings.

Whether or not Mr. Dee's allegations are true, they go to the heart of charges that are being leveled so furiously at Mr. Marcos in his bid for reelection on Feb. 7: that cronyism, corruption and hidden wealth have drained the economy during the Philippine strong man's 20-year rule.

What is really at issue is the long history of what is known in the Philippines as "crony capitalism," Marcos-style, and whether the 68-year-old ruler and his jet-setting wife, Imelda, have benefitted financially from the activities of his favored friends and relatives. Over the years, close associates have dominated entire industries, such as sugar, coconut oil and construction. And Mrs. Marcos, a one-time beauty queen, directs a powerful patronage-dispensing ministry when she isn't hobnobbing with celebrities around the world.

Mr. Marcos didn't invent political favoritism here. But "he pushed cronyism to an extent that nobody ever thought was possible," says Sixto Roxas III, once a prominent investment banker in the Philippines who now lives in California.



Ferdinand Marcos



Imelda Marcos

The Marcoses have repeatedly denied any personal profit from their dealings with friends, and the first family's name never shows up on public documents related to purported investments. But inquiries by this newspaper have revealed new links to possible investments by the Marcoses.

The Three Musketeers

One is the secret testimony of Mr. Dee, the Robert Vesco-like fugitive. Mr. Dee, 42 years old, was known here as one of the "Three Musketeers," a trio of Filipino-Chinese investors who had powerful political connections. Mr. Dee is said to have testified that he invested in banks and other businesses for Mr. Marcos, and to have identified others who acted as Marcos fronts. Mr. Dee's Vancouver attorney, Gerald G. Goldstein, says in interviews that his client fled the Philippines because he felt he had lost Mr. Marcos's confidence. Mr. Goldstein adds: "I am saying that he was a nominee for the president in investments and that some soured, and that he felt he had to leave to save his life."

The validity of these charges, which are intended to bolster Mr. Dee's claims for refugee status in Canada, can't be confirmed. But former Philippine businessmen confirm that Mr. Dee was no stranger to President Marcos. According to one, Mr. Dee golfed with Mr. Marcos at the Wack Wack Golf and Country Club here. And another says that Mr. Dee occasionally appeared at state dinners at the Malacanang Palace, the official presidential residence.

A more direct link to the Marcos family involves a U.S. company, Revere Sugar Corp. of New York, a cane-sugar refiner that is now in bankruptcy reorganization. Revere Sugar, which held a lucrative contract to buy sugar from the Philippine government, is controlled by a close Marcos friend, Antonio O. Florendo, who is known as the "banana king" because of his vast banana plantation.

Revere paid \$2.9 million in broker's fees on the sugar purchases to a Hong Kong company called Thetaventure Limited.

Thetaventure's only listed agent is Vilma H. Bautista, a close aide to Mrs. Marcos. Mrs. Bautista, an official in the Philippine mission to the United Nations, serves as Mrs. Marcos's secretary whenever the first lady travels to New York. She is known in the New York Filipino community as the "bag handler for the Madam," meaning that she handles errands and personal matters for Mrs. Marcos. Mrs. Bautista couldn't be reached for comment.

Mr. Marcos, whose presidential pay is only \$5,700, didn't respond to an interview request from a Wall Street Journal reporter who was sent to Manila and didn't answer questions submitted on Jan. 15 to one of his Manila aides. But in recent days, he has granted interviews to several U.S. television journalists and has gone on the attack against his opponents. In a recent interview he said, "The corruption charges are all false." He said that opposition legislators who tried to impeach him last year couldn't prove their allegations of corruption and hidden wealth.

Such allegations are gaining increasing attention in the election race between Mr. Marcos and Corazon C. Aquino, the widow of the slain opposition leader Benigno S. Aquino Jr. In recent days, Mr. Marcos also has been buffeted by charges, first raised in a New York Times article, questioning his claims that he headed a heroic guerrilla unit during World War II. The issue of corruption and hidden wealth is particularly important to the U.S., which maintains vital strategic air and naval bases in the Philippines, because Washington supplies more than \$200 million annually in military and economic aid. U.S. officials say that although no U.S. agency has made a detailed study of the Marcoses' holdings, a secret U.S. intelligence report estimates the first family's wealth at \$3 billion.

Congress also is investigating the Marcoses' purported U.S. investments. Reports in the San Jose Mercury News and the Village Voice last year suggested that the first family owns substantial real-estate holdings in the New York City area. A House Foreign Affairs subcommittee yesterday heard testimony—from two current officials and one former executive of a New York real-estate firm—indicating that the Marcoses have an interest in three Manhattan commercial properties that the firm manages: the \$60 million Crown building, the Herald Center shopping mall valued at more than \$40 million, and a multimillion-dollar office tower at 40 Wall Street. Previously, a Philippine businessman gave testimony linking Mrs. Marcos to ownership of a \$20 million estate in Suffolk County, N.Y.

Furthermore, the staff of the Senate Intelligence Committee, in a report last November on the Philippines, said that "corruption has become a serious burden on the economy." The first family and their favored cronies use their positions to amass great private wealth, much of which is transferred abroad," draining cash from the Philippine economy.

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